



EUROPEAN COMMISSION
 DIRECTORATE GENERAL
 ECONOMIC AND FINANCIAL AFFAIRS

The Director General

Brussels,
 MB D(2010)

Subject: EIB and EBRD potential participation in the financing of a highway from Moscow to Saint Petersburg

Dear Mr Schulz,

Thank you for your letter dated 21 September on the potential participation of the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD) in financing a highway from Moscow to Saint Petersburg. I can confirm that the EIB and the EBRD were considering co-financing the construction of 43 km of a motorway on a new alignment from the outskirts of Moscow North West towards St Petersburg. The existing M10 route is heavily congested and there is an economic cost from longer journey times and social and health problems as a result of the relatively high accident rate. The motorway is also part of the extended Trans-European Network-Transport.

Following recent developments (including high political interest and protests about the environmental and social impact of the road) the EIB and EBRD have assured the Commission that the involvement that had been envisaged by each Bank is currently not progressing and in fact, the Banks confirmed that no progress had been made for some time in resolving the outstanding issues concerning the detailed project plans. Further, as there was no feedback relating to environmental concerns raised by the two Banks, a first financial close took place for this project without any financial participation from EIB or EBRD.

Both Banks would only consider financing the project if the final project satisfies their standards and requirements particularly from a financial, legal, technical, environmental and social point of view. Requirements to be fulfilled also include timely and transparent stakeholder engagement. Both Banks engaged with interested NGOs during their initial diligence and project preparation phases. The Commission, as well as the two Banks, welcomed the decision taken by the Russian President to consult further with stakeholders from local communities and civil society organisations to identify how to implement this project so that economic needs of the society and environmental matters are best balanced and both Banks would take these views on board in any future planning for future participation in a revised project.

European Parliament
 Mr Werner Schulz, MEP
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Any decision about financing a future revised project would need a new assessment *inter alia* in the light of the outcome of the consultation process and approval through the established processes. For the EIB, this would mean that the project would be subject to the Commission opinion under the Article 19 consultation procedure and subsequently to the EIB Board of Directors, which includes a representative from the Commission, for approval. For the EBRD, the project would be submitted to the Board of Directors for final decision and each shareholder (including the EU and the EIB Chairs) would take a view on the project at this stage.

In this context, I would like to mention that several Commission services have met representatives from two NGOs (CEE Bankwatch Network and Movement to Defend Khimki Forest) on 11 October to discuss the environmental concerns and issues with public consultations. This direct contact with local and international civil society has provided the Commission with an important further insight into the issues.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M. Buti', with a stylized flourish at the end.

Marco Buti

c.c.: Gerassimos Thomas, Director
Vassili Lelakis, Director